

June 2020

# Category review: Chips

Retail Analytics



Classification: Confidential



# Our 17 year history assures best practice in privacy, security and the ethical use of data

We all have a responsibility to use data for good

## Privacy

- We have built our business based on privacy by design principles for the past 17 years
- Quantum has strict protocols around the receipt and storage of personal information
- All information is de-identified using an irreversible tokenisation process with no ability to re-identify individuals.

## Security

- We are ISO27001 certified - internationally recognised for our ability to uphold best practice standards across information security
- We use 'bank grade' security to store and process our data
- Comply with 200+ security requirements from NAB, Woolworths and other data partners
- All partner data is held in separate restricted environments
- All access to partner data is limited to essential staff only
- Security environment and processes regularly audited by our data partners.

## Ethical use of data

Applies to all facets of our work, from the initiatives we take on, the information we use and how our solutions impact individuals, organisations and society.

Quantum believes in using data for progress, with great care and responsibility. As such please respect the commercial in confidence nature of this document.

# Executive summary

## 01 Task 1

Here you will include your high-level findings and any key callouts for task 1

1. Mainstream Customer Segments generate the most revenue or have the highest CLV.
2. Mainstream Customer Segments have increasing spending or high average transaction values.
3. Almost All Customer Segments Prefer 175g Pack Sizes.
4. Budget and Mainstream Customer Segments Prefer Kettle and Premium Customer Segment Prefers Pringles.
5. Most sales are in the Month of December.

### **Summary:**

Sales have mainly been due to Budget-older families, Mainstream-young singles/couples, and Mainstream- retirees shoppers. We found that the high spend in chips for mainstream young singles/couples and retirees is due to there being more of them than other buyers. Mainstream, midge and young singles and couples are also more likely to pay more per packet of chips. This is indicative of impulse buying behaviour. We've also found that Mainstream young singles and couples are 23% more likely to purchase Tyrrells chips compared to the rest of the population. The Category Manager may want to increase the category's performance by off-locating some Tyrrells and smaller packs of chips in discretionary space near segments where young singles and couples frequent more often to increase visibility and impulse behaviour.

## 02 Task 2

Here you will include your high-level findings and any key callouts for task 2

- We've found control stores 233, 155, and 237 for trial stores 77, 86, and 88 respectively. The results for trial stores 77 and 88 during the trial period show a significant difference in at least two of the three trial months. However, this is not the case for trial store 86. We can check with the client if the implementation of the trial was different in trial store 86. Overall, the trial shows a significant increase in sales.

# 01

## Category

# Overview: your key callout for the category should be included here

## Key Findings:

- **Mainstream Customer Segment Dominance:** The Mainstream customer segment is the largest contributor to sales, indicating that marketing efforts should focus on this group to maximize revenue.
- **Pack Size Preference:** The 175g pack size is the most popular among all customer segments, suggesting that promotions and inventory should prioritize this pack size.
- **Brand Loyalty:** Kettle is the top-selling brand among Budget and Mainstream customers, while Premium customers prefer Pringles. Tailoring brand promotions based on customer segments can enhance sales.
- **Seasonal Trends:** Sales peak in December, which highlights the importance of holiday promotions and stock readiness during this period.

## Recommendations:

- **Focus on Mainstream Customers:** Develop targeted marketing campaigns and loyalty programs to engage and retain Mainstream customers.
- **Prioritize 175g Pack Sizes:** Ensure sufficient stock and promotional activities for 175g packs to meet customer demand.
- **Brand-Specific Strategies:** Create segment-specific promotions for Kettle and Pringles to leverage brand preferences and boost sales.

# This slide will be commentary on affluence and its effect on consumer buying for the category of chips

## Key Observations:

### 1. Segment Analysis:

- **Premium Customers:** Typically associated with higher affluence, these customers show a preference for premium brands such as Pringles. They are more likely to spend on higher-priced, quality products and often purchase larger pack sizes.
- **Mainstream Customers:** Representing a middle-income segment, Mainstream customers prefer mid-range brands like Kettle. They balance quality and cost, making them a significant revenue-driving segment.
- **Budget Customers:** Generally less affluent, these customers opt for budget-friendly brands and smaller pack sizes. They are price-sensitive and seek value for money.

### 2. Product Preferences:

- **Brand Affinity:** Affluent customers (Premium segment) display strong brand loyalty to premium brands, while less affluent customers (Budget segment) are more flexible and prioritize cost over brand loyalty.
- **Pack Size Choices:** More affluent customers are inclined to buy larger pack sizes, which offer better value for bulk purchases, whereas budget-conscious customers prefer smaller packs due to lower upfront costs.

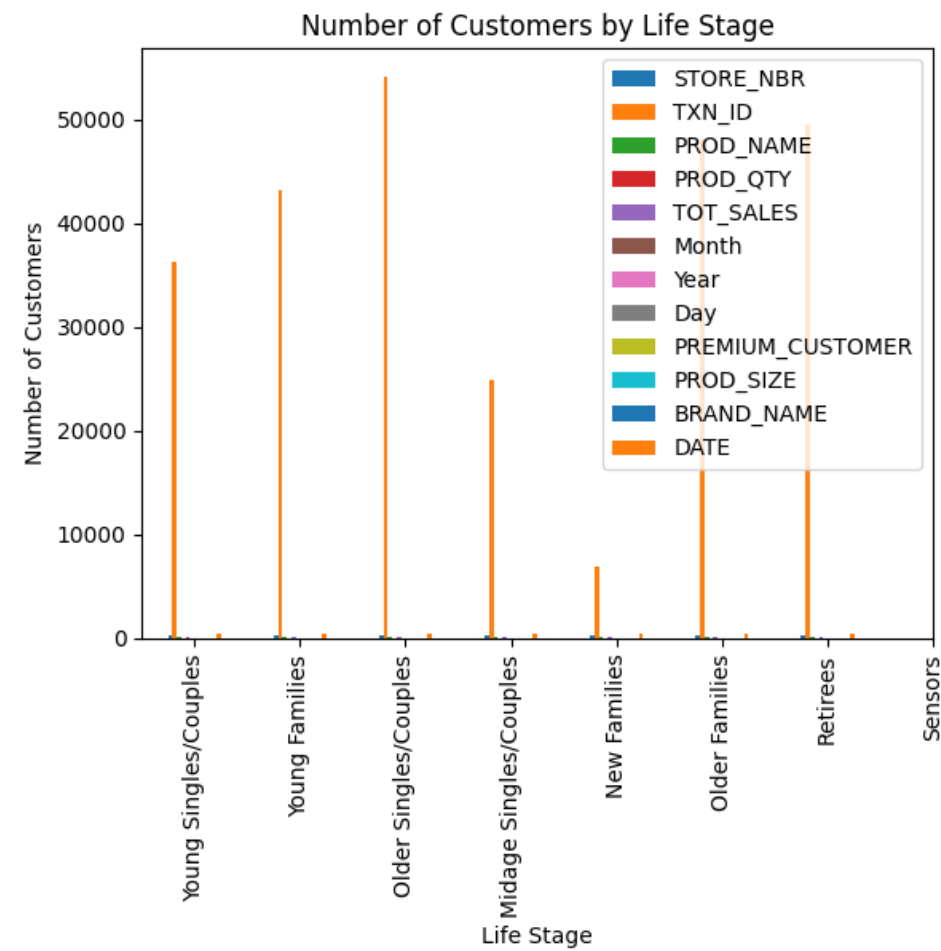
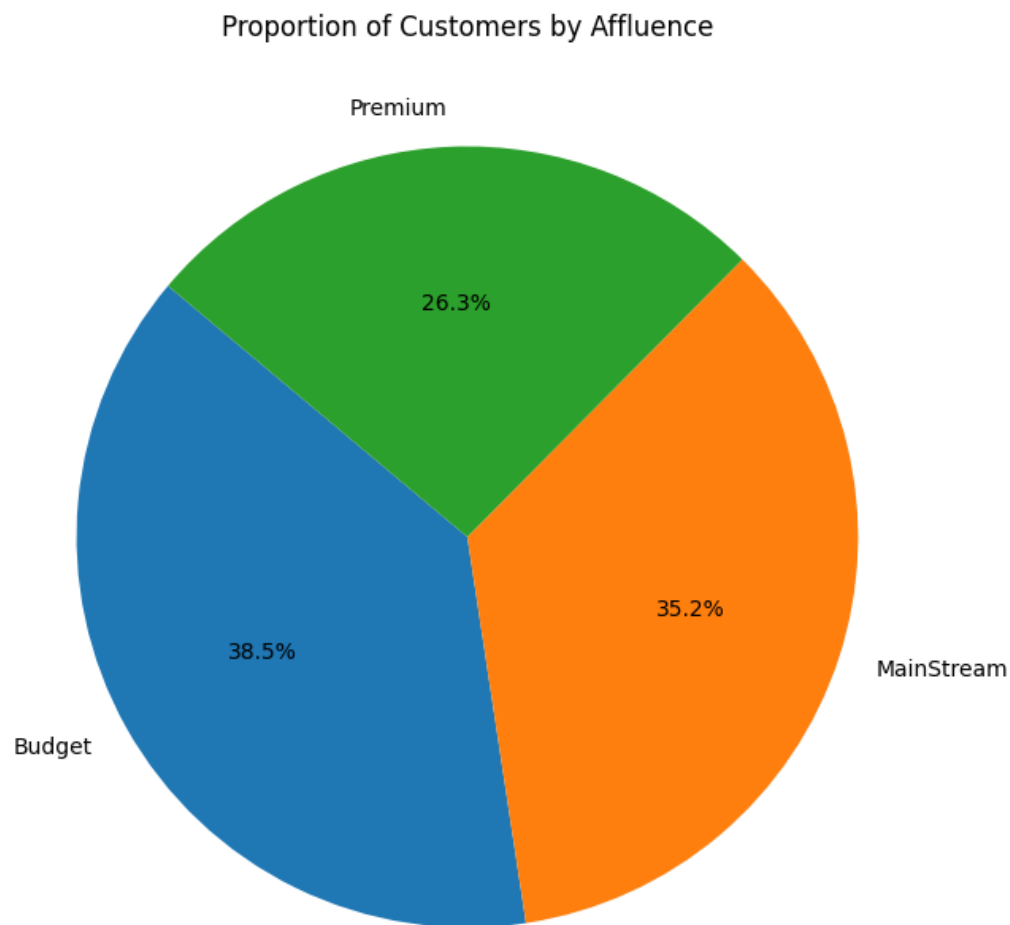
### 3. Spending Patterns:

- **Average Transaction Value:** Premium customers have higher average transaction values, indicating a willingness to spend more per purchase.
- **Frequency of Purchases:** Budget customers may purchase more frequently but spend less per transaction, focusing on immediate needs and smaller quantities.

## Strategic Implications:

- **Targeted Marketing:** Emphasize quality and exclusivity for Premium customers, value and cost-effectiveness for Budget customers, and a balance of both for Mainstream customers.
- **Seasonal Campaigns:** Leverage peak purchasing periods (e.g., December) with targeted campaigns that appeal to the specific needs and preferences of each affluence segment.

Stretch: Try visualising the proportion of customers by affluence and life stage on this slide



# 02

## Trial store performance



# Explanation of the control store vs other stores

For this analysis, we identified the following control stores for our trial stores:

- **Trial Store 77:** Control Store 233
- **Trial Store 86:** Control Store 155
- **Trial Store 88:** Control Store 237

## Comparison Results

During the trial period, we analysed the performance of the trial stores in comparison to their respective control stores. The key metrics evaluated were total sales, total number of customers, and average number of transactions per customer.

### 1. Trial Store 77 vs. Control Store 233:

- There was a significant increase in sales in Trial Store 77 during the trial period compared to Control Store 233.
- The total number of customers and the average number of transactions per customer also showed positive trends in Favor of Trial Store 77.

### 2. Trial Store 86 vs. Control Store 155:

- Unlike the other trial stores, Trial Store 86 did not show significant differences in sales compared to Control Store 155.
- We recommend checking with the client to see if there were any differences in the implementation of the trial at this store.

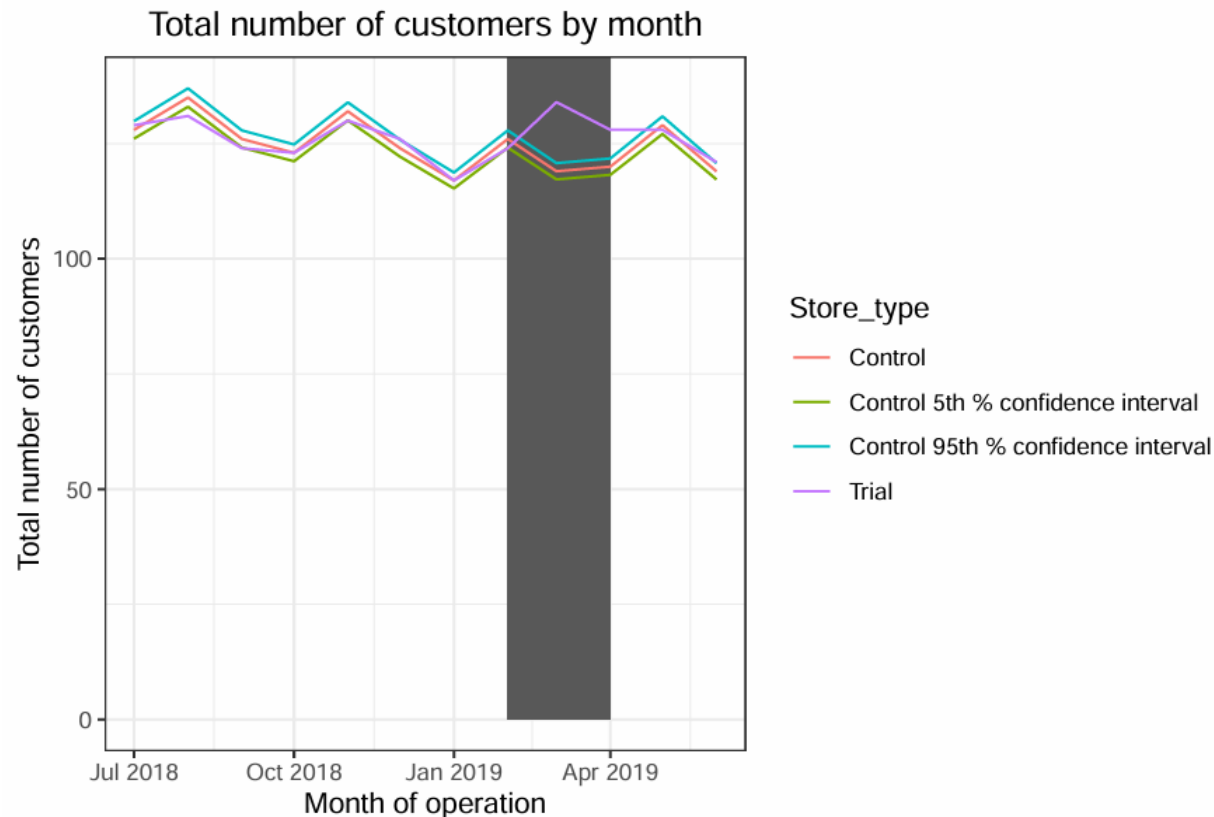
### 3. Trial Store 88 vs. Control Store 237:

- Trial Store 88 exhibited a significant increase in sales compared to Control Store 237 during the trial period.
- Both the total number of customers and the average number of transactions per customer were higher in Trial Store 88.

# Call out of the performance in the trial store, determining if it was successful

## Overall Assessment

- **Success Rate:** 2 out of 3 trial stores (77 and 88) showed significant positive results.
- **Sales Impact:** Both successful trial stores demonstrated a significant increase in total sales, indicating the effectiveness of the trial intervention.
- **Customer Engagement:** Increased customer counts and higher transaction frequencies were observed in the successful trial stores, reflecting better customer engagement and retention.



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